

1 BEFORE THE
2 ILLINOIS COMMERCE COMMISSION
3 IN THE MATTER OF:)
)
4 BIRCH TELECOM OF THE)
 GREAT LAKES, INC.)
5) No. 00 -0376
 Application for a)
6 certificate of local)
 authority to operate as)
7 a facilities-based)
 carrier of)
8 telecommunications)
 services throughout the)
9 State of Illinois)
10 Chicago , Illinois
11 August 3, 2000
12 Met, pursuant to notice, at 11 o'clock
13 a.m.
14 BEFORE:
15 MR. JOHN RILEY,
 Administrative Law Judge
16
17 APPEARANCES:
18 DICKSTEIN, SHAPIRO, MORIN &
 OSINSKY, LLP, by
19 MS. VALERIE FURMAN
 2101 Elm Street NW
 Washington, D.C., 20037
20 appearing for Birch Telecom of
 the Great Lakes, Inc.;
21
22

1 APPEARANCES (Cont'd.):

2 MS. CINDY JACKSON
3 527 East Capitol Avenue
4 Springfield, Illinois
5 appearing for the Consumer Services
6 Division of the Illinois Commerce
7 Commission;

8 MS. JUDITH MARSHALL
9 527 East Capitol Avenue
10 Springfield, Illinois
11 appearing for the Telecommunications
12 Division of the Illinois Commerce
13 Commission.

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I N D E X

Witnesses	Direct	Cross	Re - direct	Re - cross	By Examiner
RICH					
TIEDWELL					

E X H I B I T S

Applicant's Evidence	For Identification	In
Nos. 1		
2 late-fiiled		

1 JUDGE RILEY: Pursuant to the direction of the
2 Illinois Commerce Commission, I now call Docket
3 00-0376. This is an application by Birch Telecom of
4 Great Lakes, Incorporated, for a certificate of
5 local authority to operate as a facilities-based
6 carrier of telecommunications services throughout
7 the State of Illinois.

8 Counsel for the petitioner, please enter
9 your appearance for the record.

10 MS. FURMAN: I'm entering my name. Valerie
11 Furman, attorney for Birch Telecom of the Great
12 Lakes.

13 JUDGE RILEY: And provide us with your address,
14 please.

15 MS. FURMAN: Oh, sure. My firm name is
16 Dickstein, Shapiro, Morin & Oshinsky, LLP, 2101 Elm
17 Street NW, Washington, D.C., 20037.

18 JUDGE RILEY: Thank you.

19 And, Staff, you are here on behalf of the
20 Commission.

21 MS. JACKSON: Cindy Jackson, Consumer Services
22 Division, Illinois Commerce Commission, 527 East

1 Capitol Avenue, Springfield, Illinois.

2 JUDGE RILEY: And, Ms. Marshall?

3 MS. MARSHALL: Judith Marshall,

4 Telecommunications Division, Illinois Commerce

5 Commission, 527 East Capitol Avenue, Springfield,

6 Illinois.

7 JUDGE RILEY: Thank you.

8 Ms. Furman, were there any preliminary

9 matters that you wanted to address or are you

10 prepared to call a witness at the present time?

11 MS. FURMAN: Would this be the point to correct

12 anything in the testimony or would the witness just

13 do that?

14 JUDGE RILEY: Why don't I swear in the witness

15 and we can do it that way.

16 (Witness sworn.)

17 Please proceed.

18 MS. FURMAN: Okay. As a preliminary matter, we

19 just would like to make one correction to the

20 testimony.

21 JUDGE RILEY: You are talking about the testimony

22 that was submitted?

1 MR. TIEDWELL: I need to adopt that first.

2 MS. FURMAN: I'm sorry. Did you want to adopt
3 that first?

4 JUDGE RILEY: Why don't we do that

5 RICK TIEDWELL,
6 called as a witness herein, having been first duly
7 sworn, was examined and testified as follows:

8 DIRECT EXAMINATION

9 BY

10 MS. FURMAN:

11 Q. Mr. Tiedwell, would you wish to adopt the
12 testimony submitted on August 1, 2000 as your own?

13 A. I do. The testimony on behalf of -- the
14 testimony filed on behalf of Birch Telecom of the
15 Great Lakes there is one change that I would like to
16 make to the testimony.

17 EXAMINATION

18 BY

19 JUDGE RILEY:

20 Q. And that change is?

21 A. That change is on Line 6 of the testimony.
22 The question stating, "What is your position with

1 Birch Telecom of the South, Inc., is simply a typo,
2 which we apologize. That should read, "What is your
3 position with Birch Telecom of the Great Lakes."

4 Q. Oh, okay. And is it correct to say that you
5 are the senior vice president?

6 A. Greg is, yes.

7 Q. What is your position?

8 A. My title is Vice President, Regulatory
9 Affairs.

10 Q. And, I'm sorry. Mr. Tiedwell, what is your
11 first name again?

12 A. Rick. Business address 1420 CL (sic) Drive,
13 Emporia, Kansas.

14 JUDGE RILEY: Ms. Furman, please proceed.

15 DIRECT EXAMINATION (continued)

16 BY

17 MS. FURMAN:

18 Q. Mr. Tiedwell, that is the only change to
19 Line 6 of -- the only change that you have?

20 A. I believe that's the only change we have.

21 Q. Okay. You stated your name and your
22 business address. And your position with the

1 company is again?

2 A. I'm Vice President of Regulatory Affairs for
3 Birch Telecom.

4 Q. What are your responsibilities in that case?

5 A. I'm responsible for both state and federal
6 regulatory affairs for company matters involving
7 certification and any other general issues of a
8 regulatory nature.

9 Q. And could you please describe your
10 professional experience?

11 A. Background is that I have been Vice
12 President of Birch for approximately 21/2 years.
13 Prior to that, I was president of Value Line of
14 Kansas, a company that merged with Birch Telecom in
15 1998. I was with Value Line of Kansas for 15 years
16 and one of the principals as well as president of
17 the company.

18 Q. And the purpose in this proceeding is for --

19 A. Is to request authority for a
20 facilities-based carrier for telecommunications
21 services in the State of Illinois.

22 Q. Okay. And could you summarize the main

1 points of your testimony for us.

2 A. Very quickly, I just want to explain that
3 Birch does have the authority to provide
4 interexchange and local services. We have the
5 managerial and technical qualifications to provide
6 these services in the State of Illinois and
7 financial qualifications and support to do so.

8 The interexchange and local exchange
9 service that we intend to provide we believe are
10 consistent with the public interest in the State of
11 Illinois and will enhance competition in the State
12 of Illinois.

13 Birch Telecom, as the term is used in
14 today's world, is an integrated communications
15 services provider. Birch caters, however, to -- our
16 major market is the small business customer in the
17 areas that we provide service and we have been very
18 aggressive with that small business customer and we
19 feel we are serving a market that is still very
20 underserved from the standpoint of competition in
21 the areas that we operate.

22 We intend to -- when we do launch our

1 market in the State of Illinois, in much the same
2 manner that we launched in other areas, we intend to
3 be aggressive in our marketing and our sales force.
4 We do sell our services through an active
5 on-the-street sales force and do not at this time
6 use general telemarketing practices and that kind of
7 thing. We're a face-to-face type of company.

8 Q How many people does the company currently
9 employ.

10 A. We have approximately 1500 people employed
11 at this time.

12 JUDGE RILEY: Counsel, one other thing. I'm
13 going to ask you are you going through the prefiled
14 testimony itself?

15 MS. FURMAN: I am.

16 JUDGE RILEY: Inasmuch as he's already adopted
17 that testimony, it's not necessary to do that.

18 MS. FURMAN: So it would just be to address
19 anything to the record that we wanted to submit?

20 JUDGE RILEY: Well, no. All you want to do is
21 say that -- insofar as you have adopted his
22 testimony, did you want to have it for admission?

1 MS. FURMAN: Oh, okay. That's fine. I didn't
2 know if I needed to go through it anyway. Okay.

3 MS. FURMAN: Q Is there anything that you would
4 like to add, Mr. Tiedwell, to the testimony to
5 elaborate on anything that's in there.

6 A. I don't believe so. I believe the testimony
7 speaks fairly well for itself.

8 JUDGE RILEY: And you have adopted this testimony
9 as your own --

10 THE WITNESS: Yes, sir, I have.

11 JUDGE RILEY: -- pursuant to the single change
12 that you made?

13 THE WITNESS: That's correct.

14 MS. FURMAN: Q And the additions of your
15 qualifications, et cetera, you would like that --

16 JUDGE RILEY: That's understood that he's
17 testified to that.

18 MS. FURMAN: Okay.

19 JUDGE RILEY: And are you moving for admission of
20 your testimony into evidence?

21 MS. FURMAN: I move for admission of the
22 testimony in evidence.

1 JUDGE RILEY: Staff, do you have any objections?

2 MS. JACKSON: No.

3 JUDGE RILEY: Then the testimony we'll mark it as

4 Applicant's Exhibit 1 and is admitted into evidence.

5 (Whereupon, Applicant's

6 Exhibit No. 1 was marked for

7 identification and received in

8 evidence.)

9 Counsel, did you have anything further

10 for the witness?

11 MS. FURMAN: I don't believe so, unless the

12 witness has anything more to add.

13 MS. FURMAN: Q Do you have anything more to add,

14 Mr. Tiedwell?

15 A No, I don't. Is there any questions from

16 Staff?

17 JUDGE RILEY: Well, that's -- that's the next

18 step. I'm going to turn it over to Ms. Jackson

19 first I believe.

20 THE WITNESS: Okay.

21 JUDGE RILEY: Is that correct?

22 MS. JACKSON: Yes, I'm ready.

1 JUDGE RILEY: Go ahead.

2 CROSS EXAMINATION

3 BY

4 MS. JACKSON:

5 Q. Mr. Tiedwell, I have got a couple or two
6 questions about the application that was filed.

7 A. Okay.

8 Q. Question No. 5 ask the company to provide
9 contact people to work with when looking at
10 complaint -- consumer complaint resolutions and
11 consumer issues. Under those two categories, two
12 people have been listed.

13 JUDGE RILEY: Ms. Jackson, I'm sorry. We got
14 interrupted a little bit. You are going to have to
15 repeat the question. It got chopped up.

16 THE WITNESS: I think I go most of it.

17 JUDGE RILEY: I'm sorry. That's for the court
18 reporter's benefit.

19 THE WITNESS: It's for the reporter? Okay.

20 MS. JACKSON: Q Mr. Tiedwell, Question No. 5 of
21 the application lists -- asks the company to provide
22 a contact person to work with Staff on consumer

1 issues and consumer complaint resolutions. Two
2 people are listed. Is Staff to contact both of
3 these people.

4 A. I apologize. I don't have it right here.
5 What are the names that we have listed there?

6 Q. You have Charles Fuller and Barbara
7 Fillinger (phonetic).

8 A. Charles Fuller has been in customer care.
9 Barbara Fillinger would be your initial and single
10 point of contact for complaints. That is Barbara's
11 primary responsibility.

12 Q. Okay. Great.

13 A. She should be your -- your one point --
14 single point of contact.

15 Q. Question No. 16 of the application deals
16 with how you plan to bill your customers. Will you
17 bill them on a monthly basis?

18 A. Yes, we intend to build them on a monthly
19 basis.

20 Q. You'll issue a detailed billing statement?

21 A. That is correct.

22 Q. And it will list all service fees, features,

1 taxes, and surcharges?

2 A. That's correct.

3 Q. Can you briefly describe your complaint
4 process for me, such as when it's a consumer
5 complaint will it come into a customer service
6 center?

7 A. You are talking about a claim directly from
8 the customer?

9 Q. Yes.

10 A. The customer would call our single 800
11 number for any type of service that they had an
12 issue with, whether they're asking for more service,
13 questions about their service, or, in fact,
14 complaints. Complaints are generally of the
15 service-affecting nature but can be of the billing
16 nature. In fact, it's seldom of a service nature.
17 A particular question is written and passed onto
18 what are referred to as our ROC, our Repair
19 Operations Center, for resolution.

20 If, in fact, it's a billing issue, we
21 have a group built into our call center that does
22 handle billing questions.

1 If the billing questions -- if in the
2 process of going over the billing questions with the
3 consumer we find that there's an actual dispute, the
4 issue is passed and escalated then to our credit
5 collection group and they deal with actual disputes,
6 but the initial conversations regarding any billing
7 questions are actually handled right there within
8 the call center.

9 Q. And is there an escalation procedure in
10 place so that if a consumer's not satisfied with the
11 result that they can take a complaint to a higher
12 level?

13 A. There is. In fact, we were in the process
14 -- as you may well know, many companies grow quickly
15 in the refining process in the system. We have
16 implemented what we call the Executive Resolution
17 Process. Should the problem go on for a longer
18 period of time than what would be considered to be
19 normal, or if the customer feels that -- that the
20 problem should be escalated and ask the issue to be
21 escalated, it's escalated first to a supervisor in
22 our Repair Operation Center for billing and can be

1 taken on up the ladder into our executive resolution
2 team, which actually Barbara Fillinger can be called
3 upon to deal with as well, so that -- so we have
4 both people that deal with the regulatory and Public
5 Utilities Commissions involved fairly early on in
6 the process.

7 Our desire is to make sure complaints
8 like this get resolved and don't ever end up in a
9 Public Utility Commission's hands.

10 Q. Are there any times during this process is a
11 customer notified that he can contact the Commission
12 for --

13 A. Absolutely.

14 Q. -- resolution?

15 A. Absolutely. If a customer -- from a
16 practical perspective, consumers will sometimes call
17 and if they're very frustrated and upset, and in
18 today's world people tend to state that I'm going to
19 try to call the Public Utility Commission on this,
20 we actually encourage them to do that. We let them
21 know that -- that we're trying to fix their problem
22 -- take care of the problem; however, they have

1 every right to contact the Public Utility
2 Commission.

3 Q. Okay. Will your company solicit collections
4 and remit voluntary contributions to support the
5 Telephone Assistance Program?

6 A. Yes. We intend to abide by all the
7 regulations regarding Universal Service and many of
8 the other services and surcharge issues regarding
9 telecommunications in Illinois.

10 Q. Will your company use any third-party
11 telemarketers to solicit customers?

12 A. We do not.

13 Q. Will your company abide by all state and
14 federal slamming and cramming laws?

15 A. Absolutely.

16 Q. And will your company write guidelines to
17 prevent slamming and cramming of customers?

18 A. Yes, we will, and, yes, we have.

19 MS. JACKSON: Thanks.

20 That's all my questions.

21 JUDGE RILEY: Thank you.

22 Ms. Marshall, did you want to begin now?

1 MS. MARSHALL: Yes, thank you.

2 CROSS EXAMINATION

3 BY

4 MS. MARSHALL:

5 Q. I also have some questions about your
6 application. First of all, I believe from the
7 testimony you are seeking both interexchange and
8 local service authority; is that correct?

9 A. That's correct.

10 Q. And would it then be appropriate to amend
11 the caption to show that you are seeking both types
12 of authority?

13 A. Yes, I believe it would. I believe that was
14 an oversight.

15 Q. And then I have some confusion over the
16 company name. The applicant is I believe known as
17 Birch Telecom of the Great Lakes, Incorporated.

18 A. That is the correct corporate entity.

19 Q. And the authority to do business in the
20 State of Illinois appears to be in the name of Birch
21 Telecom of Ohio, Incorporated? That's the new name
22 been filed with the Secretary of State?

1 JUDGE RILEY: Ms. Marshall, let me interrupt. I
2 do have a copy of the new certificate of authority
3 to transact business in Illinois to reflect that
4 Birch Telecom of the Great Lakes, Incorporated, was
5 submitted to me. I'm sorry. I should -- should
6 have let you know that.

7 MS. MARSHALL: All right. That was just a
8 question I had because it also feeds into the
9 additional questions that I have about the financial
10 statements that were submitted.

11 MS. MARSHALL: Q Do you have a copy of those,
12 Mr. Tiedwell.

13 A. I do not have them directly in front of me,
14 ma'am. I apologize.

15 Q. That appears to be labeled Birch Telecom,
16 Incorporated slash and then it says MO. I'm not
17 sure what the name of the MC. Is that these form
18 TKs (phonetic)?

19 A. Birch Telecom of the Great Lakes is a
20 wholly-owned subsidiary of Birch Telecom, Inc., and
21 I believe since our corporate offices are in
22 Missouri, I believe that's why the statements are

1 shown the way that they are and I believe you have
2 statements of our parent corporation.

3 Q. Okay. Just for the record, could you run
4 through the parent corps. and sister corporations so
5 we have a list of all your company affiliates?

6 THE WITNESS: Valerie, can you help me with that?

7 MS. FURMAN: I sure can.

8 THE WITNESS: I thought you might have that.

9 MS. FURMAN: What's referenced in the application
10 I believe would be the sister corporation would be
11 Birch Telecom, Missouri, Inc.; Birch Telecom of
12 Kansas, Inc.; Birch

13 Telecom -- I'm sorry. I'm just going to have --

14 THE WITNESS: Of Texas, Ltd.

15 MS. FURMAN: Yes, I think it's Birch -- I'm just
16 looking. I'm sorry. Bear with me one moment. It's
17 Birch Telecom of Texas, Ltd, LLP, and the parent
18 company would be Birch Telecom, Inc., and I don't
19 believe there's another Missouri there, is there?

20 THE WITNESS: No, but there's a Birch South.

21 MS. FURMAN: Yes. I'm going to get to that.

22 There's a Birch Telecom of the South, Inc.

1 MS. MARSHALL: The Birch Telecom of the South,
2 would that be a sister corp.?

3 MS. FURMAN: Yes, that is a sister corporation.
4 I apologize. I should have done that first and then
5 said the parent.

6 MS. MARSHALL: Q So Birch Telecom would it be
7 correct that they filed consolidated statements that
8 include all of these entities?

9 A That is correct.

10 JUDGE RILEY: Mr. Tiedwell, with regard to a
11 response your attorney gave with regard to an
12 affiliate, do you adopt that as your testimony?

13 THE WITNESS: Yes, sir, I do.

14 MS. FURMAN: I have one amendment to that. I
15 want to add one more sister corp., Birch Telecom of
16 Oklahoma, Inc.

17 JUDGE RILEY: All right.

18 MS. FURMAN: Sorry about that.

19 THE WITNESS: We didn't get that one. I do adopt
20 that one as well.

21 MS. MARSHALL: Thank you.

22 MS. MARSHALL: Q Now --

1 MS. FURMAN: Excuse me. I'm sorry. I have one
2 more to add. I just realized there's another one,
3 Birch Telecom of West, Inc. That should be the
4 final one.

5 THE WITNESS: I apologize.

6 JUDGE RILEY: All right. Quite all right.

7 THE WITNESS: And I do adopt that one.

8 MS. MARSHALL: Q Thank you.

9 Now getting back to your application, is
10 it correct that you intend to keep your records
11 outside the State of Illinois.

12 A. That is correct.

13 Q. And at what address will those records be
14 located?

15 A. Those records will be located at 2020
16 Baltimore, Kansas City, Missouri.

17 Q. On the application it shows Kansas City,
18 Kansas. Is that an error?

19 A. That is an error.

20 MS. FURMAN: That is an error.

21 MS. MARSHALL: Q What would the zip code be
22 there.

1 A. I thought you asked that.

2 MS. FURMAN: I have it.

3 THE WITNESS: Go ahead.

4 MS. FURMAN: 64108.

5 MS. MARSHALL: Q So the zip code is correct,
6 only the state is in error?

7 MS. FURMAN: That is correct.

8 MS. MARSHALL: Q And are you aware that in the
9 event the location of those records should change
10 you're required to notify the Chief Clerk of the
11 Illinois Commerce Commission.

12 A. Yes, ma'am.

13 Q. And are you also aware in the event that the
14 Illinois Commerce Commission or its staff needed to
15 inspect or audit any of your records you would be
16 responsible for any out-of-state travel involved in
17 that review?

18 A. Yes, ma'am.

19 Q That's all the questions that I have dealing
20 with that topic.

21 Now in response to Question 9, you
22 provided in the application a list of the contact

1 people. The contact person for 9-1-1 is shown as
2 Mr. Lawhorn (phonetic). I believe Mr. Lawhorn's
3 testimony the contact person for 9-1-1 issues is
4 someone else. Would you like to clarify who the
5 contact person.

6 A. Yes. We should change that. The contact
7 should be Katie Newall (phonetic).

8 MS. FURMAN: Do you need her address?

9 MS. MARSHALL: I think it's provided in the
10 testimony; is that correct?

11 MS. FURMAN: That's correct.

12 THE WITNESS: I believe that's correct.

13 JUDGE RILEY: So that's yet another amendment to
14 Mr. Lawhorn's testimony?

15 THE WITNESS: I believe.

16 MS. FURMAN: No, it's -- it's in the testimony.

17 THE WITNESS: I believe the name's in the
18 testimony. I'm not sure I was correct on the
19 application.

20 MS. FURMAN: I believe it's changed since the
21 application was filed --

22 JUDGE RILEY: All right.

1 MS. FURMAN: -- and it is correct in the
2 testimony.

3 JUDGE RILEY: Okay. All right. Just go ahead
4 from there.

5 MS. MARSHALL: Q And I believe that those are
6 the questions that I have regarding the application.

7 I also have questions from -- related to
8 the testimony and the financial statement. I think
9 for conveniences, just go down to the financial
10 statement, which the financial statements are the
11 10Q that we referred to earlier, that is, that of
12 the parent corporation.

13 A. I believe that's correct.

14 MS. FURMAN: Yes, that would be correct.

15 MS. MARSHALL: Q Now, first of all, you may want
16 to refer to what I show as Page 36 of the financial
17 statement. Because this is electronically
18 submitted, it might be a different page.

19 A. Okay. Do you have that?

20 MS. FURMAN: I do. I'm just trying to find the
21 correct page, and this is 10Q dated 5-15-2000.

22 MS. MARSHALL: This is the 10K dated 10-3-2000.

1 MS. FURMAN: Would it be okay for me to just put
2 you on hold for one second to grab the correct
3 version?

4 JUDGE RILEY: Go ahead.

5 MS. FURMAN: One second.

6 (A brief pause.)

7 And you said it was Page 36?

8 MS. MARSHALL: I believe it's Page 36. It's
9 numbered in the middle of the page at No. 37 at the
10 top of Page No. 38 and I believe that's different
11 because it's electronic. In the general area of
12 Page 36 to 38, there's some reference there, too.
13 Actually, the 10Q I don't believe was submitted as
14 part of the record, at least I didn't receive that.

15 MS. FURMAN: No, it's 10Q.

16 JUDGE RILEY: Let me interject. What kind of
17 transaction were you referring to?

18 MS. MARSHALL: Some stock transactions. I'm
19 going to ask him specific questions --

20 JUDGE RILEY: Thank you.

21 MS. MARSHALL: -- and initial public offering and
22 also some preferred stock transactions. The

1 information may be in that 10Q, but I don't have a
2 copy of that. It would be more recent.

3 THE WITNESS: I'll do my best, ma'am.

4 MS. MARSHALL: Q First, there is I believe
5 occurring in 2000 an option to purchase \$50 million
6 in preferred stock. Do you know if that transaction
7 occurred and what point in time that occurred.

8 A. I'm sorry?

9 MS. FURMAN: I was going to say, Rick, it's the
10 KKR (sic).

11 THE WITNESS: Transaction?

12 MS. FURMAN: Right. And it seems to suggest that
13 it did occur.

14 THE WITNESS: It did occur. That is factual.

15 MS. MARSHALL: Q And so would that have the
16 impact of increasing the equity financial statement
17 by approximately \$50 million?

18 A. I believe that could be correct, yes.

19 Q. Do you provide any information about the
20 initial public offering that's referenced there?

21 A. The initial public offering has not yet
22 occurred. I'll put it into basic business terms. We

1 began the process of the initial public offering.
2 We went through a road show and due to market
3 conditions elected not to go through with the
4 initial public offering. It has been postponed. We
5 do expect to have an initial public offering
6 sometime in the near future but at this point we do
7 not have dates.

8 MS. MARSHALL: Q Could you tell me if there are
9 other subsequent events related to either stock
10 transactions or other types of capitalization
11 interests that the company has taken since the end
12 of 1999?

13 MS. FURMAN: I'm looking through the 10Q as we
14 speak.

15 THE WITNESS: I do not believe there have been
16 any more influx of capital since the beginning --
17 I'm sorry -- since the end of '99.

18 MS. MARSHALL: Q Except for KKR.

19 A Except for the KKR.

20 Q. I'm trying to find the corresponding section
21 in the 10Q. It doesn't look like there is.

22 A. I haven't found any.

1 MS. FURMAN: I haven't really found anything I
2 don't think.

3 THE WITNESS: I believe that to be correct.

4 MS. MARSHALL: Q Let me ask you this. Do the
5 10Q provide a current amount of cash working capital
6 that's on hand? It would probably be under
7 liquidity of capital.

8 JUDGE RILEY: Who's testifying here?

9 THE WITNESS: I believe it does. I'm asking
10 assistance of counsel to look up the information. If
11 you like, I can reaffirm the response.

12 JUDGE RILEY: I want you to provide the answer,
13 Mr. Tiedwell. I don't have any trouble getting
14 assistance from counsel. I want to make sure your
15 testimony is going in here.

16 MS. FURMAN: Could you repeat the question? I
17 was looking for the information.

18 MS. MARSHALL: Yes. In the section under title
19 liquidity and capital it's likely that there would
20 be a working capital amount and I was wondering if
21 you could tell us what that's suppose to be and the
22 financial statement shows.

1 MS. FURMAN: Bear with me one moment. It says
2 capital resource or total assets increased to 166.1
3 million at March 31, 2000 from 147
4 million -- 147 million at December 1, '99.
5 THE WITNESS: And I'll affirm that as my
6 statement.
7 MS. MARSHALL: That would result in a working
8 capital of how much does it say --
9 MS. FURMAN: I am --
10 MS. MARSHALL: -- in the same paragraph?
11 MS. FURMAN: -- looking for that as well.
12 THE WITNESS: It should be right there.
13 JUDGE RILEY: Is it my understanding,
14 Ms. Furman, that you have access to the information
15 and Mr. Tiedwell does not?
16 MS. FURMAN: That is correct.
17 JUDGE RILEY: That's the problem.
18 THE WITNESS: She has it in front of her.
19 MS. FURMAN: That is correct.
20 THE WITNESS: I'm out of town and I don't have it
21 in front of me. That's why we're doing this. I
22 apologize.

1 MS. MARSHALL: I might add that I have only the
2 10K and not the 10Q, so I'm asking information. I
3 don't have it in front of me.

4 MS. FURMAN: There's an explanation for that in
5 the record. Mr. Tiedwell can adopt the 10Q that I'm
6 reading from and that Mr. Tiedwell's testifying to
7 was issued after the filing of the application.

8 JUDGE RILEY: I don't understand. Why don't any
9 of us have this? Why are we flying blind here
10 because all I have is the 10K.

11 MS. FURMAN: I was trying to say it was filed.
12 The 10Q was issued subsequent to filing of the
13 application, which is why it was not included in the
14 application.

15 JUDGE RILEY: Does the information on the 10Q
16 supercede the information on the 10K?

17 MS. FURMAN: Well, to a certain extent I would
18 say, yes.

19 THE WITNESS: It will be updated information,
20 yes.

21 JUDGE RILEY: We are going to have to have a copy
22 of that.

1 THE WITNESS: I think we can certainly provide
2 that.

3 MS. FURMAN: We can certainly provide that.

4 JUDGE RILEY: Yes, by all means.

5 THE WITNESS: If that would help you with any of
6 these questions, that should be no problem
7 whatsoever.

8 JUDGE RILEY: It's the financial information that
9 is going to go to the determination of whether or
10 not you get the certificate.

11 THE WITNESS: Okay.

12 MS. FURMAN: Sure.

13 JUDGE RILEY: That's one we are going to have to
14 have then.

15 MS. FURMAN: I have the information on the
16 working capital if you like to hear that.

17 JUDGE RILEY: Go ahead.

18 MS. FURMAN: Okay. At March 31, 2000, current
19 assets were \$44 million. No, I'm sorry. I'll read
20 it as it appears. March 31, 2000, our other assets
21 of 44 million exceeded current liabilities of 26.3
22 million resulting in working capital of 17.7 million

1 and a \$3 million increase compared to working
2 capital of 14.7 million at December 31, 1999.

3 MS. MARSHALL: Thank you.

4 THE WITNESS: And I'll adopt that as my
5 testimony.

6 JUDGE RILEY: Thank you.

7 MS. MARSHALL: Q Now there's a number that I was
8 looking for and I would like to request perhaps the
9 most recent financial statements be provided for the
10 record.

11 JUDGE RILEY: By all --

12 THE WITNESS: We'll provide those via FedEx as
13 soon as possible.

14 JUDGE RILEY: Get three copies to me, so I 'm
15 going to mark those late-filed exhibits as Late
16 Filed Applicant's Exhibit 2.

17 (Whereupon, Applicant's
18 Exhibit No. 2 will be late
19 filed.)

20 MS. FURMAN: That will go out today. Should
21 those go directly to you, Mr. Riley?

22 JUDGE RILEY: Yes.

1 MS. MARSHALL: And I'd like to also receive a
2 copy in Springfield.

3 MS. FURMAN: Okay.

4 MS. MARSHALL: Q Now I had a few questions
5 related to the testimony that was -- that was
6 submitted. Now I don't have numbers or line numbers
7 on my electronic version of the testimony.

8 Is it correct that you are seeking
9 statewide authority.

10 A. That is correct.

11 Q. And will you be -- are you familiar with the
12 rural exemptions that are discussed in the '96
13 federal Telecom Act?

14 A. We're familiar and becoming more familiar
15 with them as we speak.

16 Q. And are you aware it would be necessary to
17 apply to the Commission before seeking
18 interconnection in any area that may qualify for
19 rural exemption?

20 A. Absolutely. Would you like me to clarify
21 what we intend to make our territory? Would that
22 assist you at all?

1 Our intent is to go into all the areas
2 served by Ameritech initially. We have not moved
3 into any of the independent telephone companies in
4 any of our states at this point and at some point
5 we'll put our main thrust, and our initial thrust in
6 the State of Illinois will be into Ameritech's
7 territory.

8 The reason we ask for statewide
9 certification that is obviously the territory that
10 one company does cover many parts of the state.

11 Q Okay. And now I have a series of questions
12 related to the 9-1-1 service now that I have gotten
13 the correct name of the person for contact, but
14 following that three or four questions down there's
15 a question regarding the 9-1-1 database.

16 Are you aware that it's the applicant's
17 responsibility to maintain the 9-1-1 database for
18 your customers.

19 A. Yes, we are.

20 Q. And are you also aware that you'll be
21 required to update that database on a daily basis or
22 whenever customers are added?

1 A. Yes, ma'am.

2 Q. And so this testimony should be modified to
3 reflect that; is that correct?

4 A. Yes, to the extent that -- that we agree and
5 understand that we'll be updating the database or
6 have responsibility to update that database and keep
7 it current almost in real-time, if you will, yes

8 Q Because the testimony indicates there would
9 be three months and that's no longer your testimony,
10 correct.

11 A. That's correct. We'll change that.

12 Q. Okay. Are you familiar with the call box
13 provisions of Illinois Administrative Code Part 725?

14 A. The call box provisions?

15 Q. Right. You have not addressed them here in
16 your testimony.

17 A. I am not fully aware of the call box
18 provisions. I apologize.

19 Q. To the extent that your company may not be
20 able to meet those requirements, do you understand
21 that it would be necessary to file for a waiver
22 separate of those provisions?

1 A. Yes, ma'am, and we'll expect to file for a
2 waiver.

3 MS. MARSHALL: I believe that's all the questions
4 that I have.

5 JUDGE RILEY: Thank you, Ms. Marshall.

6 EXAMINATION

7 BY

8 JUDGE RILEY:

9 Q. Mr. Tiedwell, I've just got a couple myself.

10 A. Okay.

11 Q. I want to make certain that the applicant is
12 applying for local and interexchange. That's
13 facilities-based and resold services.

14 A. That is correct, sir, both, both
15 interexchange, or is commonly referred to long
16 distance authority in the State, as well as local
17 authority in the state.

18 Q. That's just to confirm that's
19 facilities-based and resold?

20 A. That is correct.

21 Q. Okay. Thanks. Will the applicant be
22 providing operator-assisted services?

1 A. We provide operator-assisted services
2 through the incumbent's network and with their
3 groups, but as it appears to be an end user, we're
4 the provider of those services. We're the point of
5 contact for that customer regarding those types of
6 services.

7 Q. And will the applicant be doing its own
8 technical support or will you be relying on someone
9 else?

10 A. We'll be doing our own technical support.
11 Our initial -- I'll elaborate on that so we're
12 totally clear. Our initial entry -- market entry
13 into the territory in Illinois will be using the
14 service referred to as uni-per (sic) or uni-platform
15 which rebundles entirely the local exchange carrier
16 services. As such, we'll be using the services of
17 technical support of the local exchange carrier,
18 i.e., Ameritech.

19 When we're not using actual Ameritech
20 field representatives servicing a copper loop, so to
21 speak, we'll be employing our own personnel. There
22 will be no subcontractors used. It will be our own

1 personnel.

2 JUDGE RILEY: That's all the questions that I
3 have.

4 Staff, did you have anything further?

5 MS. MARSHALL: This is Judith Marshall. I was
6 just wondering when we would expect to receive
7 Late-Filed Exhibit 2.

8 MS. FURMAN: You'll be receiving them in the
9 morning.

10 JUDGE RILEY: They said they're going to FedEx it
11 overnight.

12 THE WITNESS: You should have that by tomorrow
13 morning, and I don't know if we can do this on the
14 record, but when we get off the record, we can show
15 the phone number, so if they don't show up in the
16 morning, we can make sure we get them to you.

17 JUDGE RILEY: Anything further?

18 MS. FURMAN: I would just like to point to the
19 request for waivers that were marked on the
20 application --

21 JUDGE RILEY: Okay.

22 MS. FURMAN: -- and I would just like to put that

1 on the record and Mr. Tiedwell can adopt for waiver
2 of Part 10 -- I'm sorry -- 710, Part 735 and
3 735.180.

4 THE WITNESS: I do adopt that in its entirety.

5 MS. JACKSON: This is Cindy Jackson. So long as
6 the 735 waiver is for your long disance authority
7 only.

8 MS. FURMAN: Correct.

9 MS. JACKSON: Okay.

10 JUDGE RILEY: All right then. There being no
11 further business, then I will direct the court
12 reporter to mark this matter heard and taken, and as
13 soon as I receive the late-filed exhibit, I'll
14 prepare an order for the Commission.

15 MS. MARSHALL: Thank you.

16 HEARD AND TAKEN.

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